



# MASSACHUSETTS WATER RESOURCES AUTHORITY

Charlestown Navy Yard  
100 First Avenue, Building 39  
Boston, MA 02129

Frederick A. Laskey  
Executive Director

Telephone: (617) 242-6000  
Fax: (617) 788-4899  
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November 24, 2008

## BY MESSENGER AND FEDERAL EXPRESS TO:

Lehman Brothers Special Financing Inc.  
745 Seventh Avenue  
New York, NY 10019  
Attention: Municipal Financial Products

Lehman Brothers Derivative Products Inc.  
745 Seventh Avenue  
New York, NY 10019  
Attention: Municipal Financial Products

## WITH COURTESY COPY BY EMAIL TO:

Email: [Acarine@lehman.com](mailto:Acarine@lehman.com)  
Allyson Carine  
Lehman Brothers Special Financing Inc. and Lehman Brothers Derivative Products Inc.

Email: [Kathleen.Kalaher@lehman.com](mailto:Kathleen.Kalaher@lehman.com)  
Kathleen Kalaher  
Lehman Brothers Special Financing Inc. and Lehman Brothers Derivative Products Inc.

Email: [Geickbush@lehman.com](mailto:Geickbush@lehman.com)  
Greg Eickbush  
Lehman Brothers Special Financing Inc. and Lehman Brothers Derivative Products Inc.

Email: [Mzitoune@lehman.com](mailto:Mzitoune@lehman.com)  
Michael Zitoune  
Lehman Brothers Special Financing Inc. and Lehman Brothers Derivative Products Inc.

## WITH FEDERAL EXPRESS TO:

Lehman Brothers Special Financing Inc. and Lehman Brothers Derivative Products  
Three World Financial Center  
8th Floor  
New York, NY 10285  
Attention: Municipal Financial Products - Middle Office

And

BY FAX TO: (212) 526-7372 and (646) 758-2939

**NOTICE OF TERMINATION OF SWAP**  
**dated as of March 22, 2000, as**  
**amended on May 29, 2008, and amended by the Assignment and Amendment**  
**Agreement dated September 16, 2008 by and among**  
**Lehman Brothers Derivative Products Inc., Lehman Brothers Special Financing Inc.**  
**and Massachusetts Water Resources Authority**

Ladies and Gentlemen:

Reference is made to the ISDA Master Agreement (the "Master Agreement"), including the Schedule (the "Schedule") thereto and the Confirmation (the "Confirmation") thereof, each dated as of March 22, 2000, entered into between Lehman Brothers Derivatives Products Inc. ("LBDP") and the Massachusetts Water Resources Authority (the "MWRA"), each as amended on May 29, 2008 (the Master Agreement, the Schedule and the Confirmation, as amended, herein referred to as the "Original Swap") and as amended pursuant to the Assignment and Amendment Agreement dated September 16, 2008, by and among LBDP, Lehman Brothers Special Financing Inc. ("LBSF") and MWRA, pursuant to which LBDP transferred and assigned the Original Swap to LBSF (as so amended and assigned, the "Swap"). Terms used but not defined herein are used as defined in the Swap.

We hereby give notice that an Event of Default has occurred and is continuing under Section 5(a)(vii) of the Swap as a result of the institution of a proceeding under Chapter 11 of the United States Bankruptcy Code by LBSF on October 5, 2008 in the United States Bankruptcy Court in the Southern District of New York and that LBSF is the Defaulting Party under the Swap. Accordingly, pursuant to Section 6(a) of the Swap, the MWRA, as the Non-Defaulting Party, hereby gives notice to LBSF, as the Defaulting Party that November 24, 2008 (a date not more than twenty (20) days after the date of this notice) is designated as the Early Termination Date in respect of the Swap.


Pursuant to Section 1(f) of the Schedule, "Market Quotation" and "Second Method" will be used as a payment measure and payment method, respectively.

Nothing in this letter shall be construed as a waiver of any rights the Authority may have with respect to the Swap. Without limiting the generality of the foregoing, nothing herein shall be deemed to constitute a waiver of any Event of Default, or other default or termination event, and the Authority hereby reserves all other rights and remedies it may have at law, in equity, or under the Swap, including rights of setoff and recoupment and any rights or remedies that may arise as a result of any intervening event.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

Massachusetts Water Resources Authority

By:   
Frederick A. Laskey, Executive Director

By:   
Thomas J. Durkin, Treasurer